

## **MBA 702: Financial and Managerial Accounting for MBA's Fall Semester, 2010-11**

Professor C. Edward (Ed) Arrington

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Office Hours: Mondays and Wednesdays: 11:00-12:00 and 5:00-6:00

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**CLASS TIME AND LOCATION:** The class meets on Mondays and Wednesdays from 3:30-4:45 in room 206 of the Bryan Building. Note that we will not have class on Labor Day (Monday, September 6). We will make-up that class on Friday, September 10<sup>th</sup> from 3:30-4:45 in our regular classroom, Bryan 206.

**CATALOG DESCRIPTION:** This course provides students with an introduction to financial and managerial accounting. Topics covered include financial statements, financial analysis of those statements, cost accounting, and accounting's role in managerial decision-making.

**PREREQUISITES:** None.

### **REQUIRED TEXTS:**

Easton, Peter E., John J. Wild, Robert F. Halsey, Mary Lea McAnally. *Financial Accounting for MBAs* (Second edition). Cambridge Business Publishers, 2010.

<http://principlesofaccounting.com> (this website is the basis for our work in cost and managerial accounting). IT'S FREE!!!

**STUDENT LEARNING OUTCOMES:** Upon successful completion of this course students will be able to:

1. Calculate key financial ratios taken from financial statements in order to assess the liquidity, profitability, and solvency of private sector corporations.
2. Interpret key financial ratios taken from financial statements in order to assess the liquidity, profitability, and solvency of private sector corporations.
3. Explain key terms in accounting vocabulary.
4. Interpret accounting information in the context of the regulatory structure in which accounting and auditing operate. This includes a basic understanding of the Financial Accounting Standards Board, the International Accounting Standards Board, the Securities and Exchange Commission, and the Sarbanes-Oxley Act of 2002.

5. Explain verbally and in writing the key ways in which financial accounting information is useful in making investment and credit decisions.
6. Explain verbally and in writing the basic aspects of accounting's role in corporate governance. These aspects include the provision of audits, the monitoring of performance, the budgetary planning process, and the structure of internal control systems.
7. Solve basic problems in costing.

### **TEACHING METHODS AND ASSIGNMENTS FOR ACHIEVING STUDENT LEARNING OUTCOMES:**

This course combines lectures with a variety of tasks that students must perform well. These tasks include computational, conceptual, and case-based homework assignments, discussion board participation in which students interact in a way which enables other students' learning, in-class dialogue, examinations, and readings about accounting's role in contemporary events. Assignments will be evaluated and/or graded by the instructor in a timely manner so that students have ongoing feedback about their performance and progress throughout the course.

### **EVALUATION AND GRADING:**

The following criteria will apply to the grading of assignments.

A: Work that demonstrates not only a clear understanding of the material under study, but also a superior ability to utilize that material in the assignment. All criteria are met. The student's work goes beyond the task and contains additional, unexpected or outstanding features.

B: Work that demonstrates a good understanding of the material under study, and utilizes the material well in the assignment. The student meets the assignment criteria, with few errors or omissions.

C: Work that minimally demonstrates a basic or technical understanding of the material under study, and uses some relevant material in the assignment. Work may not address one or more criteria or may not accomplish what was asked.

F: Work that is incomplete, inappropriate and/or shows little or no comprehension of the material under study.

Students who pass this course will have demonstrated to the instructor that they are in a position to both (1) master subsequent coursework in accounting, finance,

and other areas which depend upon a basic though solid mastery of skills and concepts which are central to accounting at an introductory level; and, (2) be capable of entering the managerial workforce armed with the skills and understandings of accounting that managerial labor markets would expect of an entry-level holder of a post-baccalaureate degree, diploma, or certificate in a business-related field. The instructor's satisfaction with these competencies will be measured through two in-class exams and a final exam as well as grading of the assignments indicated above. These exams and assignments will include quantitative measurement of student performance in computational, short-answer, and essayistic tasks. The type of task will be matched to the specifics of each learning objective. For example, financial ratios demand computational assessment, vocabulary mastery demands short-answer assessment, and institutional and conceptual issues lend themselves to essay-based assessment.

Grades will be assigned according to the following scale:

90-100% yields an A in the course;

80-89% yields a B in the course;

70-79% yields a C in the course; and,

69% or less yields an F in the course. (Note that no grades of D are given in graduate classes).

Plus or minus grades may be attached to letter grades as appropriate.

The final course grades indicated above will be calculated as follows:

First in-class exam                      25% of final grade

Second in-class exam                    25% of final grade

Final exam                                25% of final grade

Other graded assignments    25% of final grade

**ATTENDANCE POLICY:** We are all adults. Your professor is not responsible for deciding where you should be at any given time. However, what transpires in class is fair game for examination and other forms of assessment. No late work will be accepted, nor will faculty time be taken to review material which students miss because of class absences. Of course, legitimate reasons (e.g., medical concerns) for missing class will be taken into account.

**FINAL EXAMINATION:** The final examination will be given at the time assigned in the university calendar.

**ADDITIONAL REQUIREMENTS:** All assignments are due at the beginning of class on the date assigned. No extra credit assignments are given. In the event of inclement weather, we will follow the university's decision on whether or not class

is to be cancelled. Information relevant to such decisions is available at [www.uncg.edu](http://www.uncg.edu). However, no student should attend class if inclement weather causes the student to believe that he or she would be taking on unjustified personal risk associated with travel. I will work with students who miss class for that reason; your judgment prevails over university decisions.

**ACADEMIC INTEGRITY POLICY:** Students are responsible for becoming familiar with the Academic Integrity Policy in all its aspects and for indicating their knowledge and acceptance of the Policy by signing the Academic Integrity pledge on all major work submitted for the course. Specific information on the Academic Integrity Policy may be found on the UNCG web site at [UNCG Academic Integrity Policy](#)

## COURSE OUTLINE AND ASSIGNMENTS

CLASS MEETING	TOPIC	ASSIGNMENTS
Monday, August 23	Introduction to Financial Accounting	Module 1, pages 1-1 through 1-18
Wednesday, August 25	Financial Statement Analysis and the Basics of the Regulatory Environment	Module 1, pages 1-19 through 1-30. Homework: M1-19; M1-21; E1-28; P1-37.
Monday, August 30	Financial Regulation	Smith, Roy C. & Ingo Walter. <i>"Four Years After Enron: Assessing the Financial Market Regulatory Cleanup."</i> <u>The Independent Review</u> (Vol. XI, No. 1; Summer, 2006), pp. 53-66. Write a 2-3 page double-spaced report on this paper.
Wednesday, September 1	Introduction to the Balance Sheet and the Income Statement	Module 2, pages 2-1 through 2-14. Homework E2-27; E2-32; E2-34.
Monday, September 6	NO CLASS; LABOR DAY	
Wednesday, September 8	Introduction to the Statement of Cash Flows	Module 2, pages 2-15 through 2-21. Homework: P2-43.
Friday, September 10	MAKE-UP CLASS Introduction to Transactions Analysis	Module 2, pages 2-22 through 2-33. Chapter 2 at <a href="#">Chapter 2 of your online textbook</a>
Monday, September 13		Problem I-02.04 2 at <a href="#">Chapter 2 of your online textbook</a> (You may use either the Excel or the PDF (handwritten) version)
Wednesday, September 15	The basics of the accrual concept	Module 3, pp. 3-1 through 3-22. Homework: P 3-39.
Monday, September 20	Income-based performance analysis using financial statement data	Module 4, pages 4-1 through 4-19.
Wednesday,	Liquidity and	Appendices 4-B and 4-C, pages 4-26

September 22	Solvency Analysis	through 4-32
Monday, September 27		Homework: M4-21, E4-31, P4-42
Wednesday, September 29	Revenue Recognition, R&D, and Restructuring Costs	Module 5, pages 5-1 through 5-17. Homework: M5-11, M5-13, E5-30
Monday, October 4	Foreign currency, extraordinary items, and earnings per share	Module 5, pages 5-24 through 5-29. Homework: M5-19; E5-31.
Wednesday, October 6	FIRST EXAM	
Monday, October 18	Operating Assets, Part 1	Module 6, pages 6-1 through 6-25. E6- 22; E6-27.
Wednesday, October 20	Operating Assets, Part 2	Module 6, pages 6-26 through 6-37. E6- 34; P6-38.
Monday, October 25	Analysis of Debt Financing, Part 1	Module 8, pages 8-1 through 8-12. Homework: M8-9; E8-23; E8-26.
Wednesday, October 27	Introduction to the Time Value of Money	Appendix 8-A, pages 8-27 through 8-31 (Also, Appendix A at the end of the book, right after page 12-31).
Monday, November 1	Bond Pricing and Disclosures, Part 2 of Analysis of Debt Financing	Module 8, pages 8-12 through 8-26. Homework: M8-19; M8-20; E8-36.
Wednesday, November 3	Analysis of Owner Financing	Module 9, pages 9-1 through 9-23. Pages 9-27 and 9-28. Homework M9- 22; E9-40; E9-45.
Monday, November 8	Introduction to Managerial Accounting	Chapter 17 in online textbook at: <a href="#">Introduction to Managerial Accounting</a> Homework: all multiple choice in Chapter 17; PB-17.06; PI-17.04.
Wednesday, November 10	Cost Behavior and Cost-Volume-Profit Analysis	Chapter 18 in online textbook at: <a href="#">Cost Behavior and Cost-Volume-Profit Analysis</a>  Homework: All multiple choice in Chapter 18. Homework: Problems B- 18.05 and I-18.04
Monday,	SECOND EXAM	

November 15		
Wednesday, November 17	Job Order Costing Systems	Chapter 19 in online textbook at: <a href="#">Introduction to job order costing systems</a>  Homework: All multiple choice in Chapter 19
Monday, November 22		Homework: Problems B-19.0 and I- 19.05
NO CLASS WEDNESDAY NOVEMBER 24		
Monday, November 29	Introduction to Budgeting	Chapter 21 in online textbook at: <a href="#">Introduction to Budgeting</a>  Homework: All multiple choice in Chapter 21. Problem B-21.05
Wednesday, December 1	Analytics for Managerial Decision Making	Chapter 24 in online textbook at: <a href="#">Analytics for Managerial Decision Making</a>  Homework: All multiple choice in Chapter 24. Problem B-24.09
Monday, December 6	REVIEW	
Saturday, December 11	FINAL EXAM 3:30- 6:30	